



April 1, 2013

City Council  
City of St. Paul  
PO Box 311  
St. Paul, Kansas 66771

We are pleased to confirm our understanding of the services we are to provide for the City of St. Paul, Kansas, for the year ended December 31, 2013. We will audit the financial statement of the City of St. Paul, Kansas, as of December 31, 2013 and for the year then ended. It is agreed that the basis of presentation of the financial statement will demonstrate compliance with the cash basis and budget laws of the State of Kansas. It is further agreed that the municipality shall pass, by resolution, a waiver of the requirements of the law relating to the preparation of financial statements and financial reports that conform to generally accepted accounting principles as provided by K.S.A. 75-1120a (c).

We have also been engaged to report on supplementary information that accompanies the City of St. Paul, Kansas' financial statement. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statement as a whole:

1. Summary of Expenditures – Actual and Budget (Budgeted Funds Only)
2. Schedule of Cash Receipts and Expenditures – Actual and Budget  
(With Comparative Actual Totals for the Prior Year)
3. Schedule of Cash Receipts and Cash Disbursements – Agency Funds

#### **Audit Objective**

The objective of our audit is the expression of an opinion as to whether your basic financial statement is fairly presented, in all material respects, in conformity with the accounting practices as prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas in relation to the basic financial statement taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statement is other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

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**Jarred, Gilmore & Phillips, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

412 W. MAIN, P.O. BOX 97  
NEODESHA, KANSAS 66757  
(620) 325-3430

1815 S. SANTA FE, P.O. BOX 779  
CHANUTE, KANSAS 66720  
(620) 431-6342

16 W. JACKSON  
IOLA, KANSAS 66749  
(620) 365-3125

[www.jgppa.com](http://www.jgppa.com)

### **Management Responsibilities**

Management is responsible for the basic financial statement and all accompanying information as well as all representations contained therein. You are also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee our assistance with the preparation of your financial statement and related notes and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statement of the City of St.Paul, Kansas in conformity with the accounting practices as prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas in relation to the basic financial statement taken as a whole.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statement, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statement to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statement taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statement. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with the accounting practices as prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with the accounting practices as prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with accounting practices as prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.



### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statement is free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statement. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statement and related matters.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statement and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we will perform tests of the City of St.Paul, Kansas' compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Engagement Administration, Fees, and Other**

We understand that your employees will assist our staff by locating vouchers, contracts, minutes, and other documentation necessary to complete our audit and help us with the timely preparation of analyses and schedules.

Neil L. Phillips, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

It is our understanding that your intent in engaging us is that the financial statement we render to you under this agreement will be made available to the State of Kansas Division of Accounts and Reports. Moreover, as of the time of this engagement, we have not been notified, in writing or otherwise, that the professional accounting services rendered under this agreement will be made available to any other person, firm, or corporation for any purpose not specified hereinabove. Consequently, no other person, firm, or corporation is entitled to rely upon these professional services for any purpose without our express, written agreement. This engagement letter embodies the entire agreement and understanding between the parties hereto and there are no promises, warranties, covenants or conditions made by any of the parties except as herein expressly contained. The terms and conditions of this engagement shall be governed and construed in writing signed by all the parties. It is agreed that venue and jurisdiction involving any matters arising out of this engagement letter is in the State of Kansas.

Disputes arising under this agreement (including the scope, nature, and quality of services to be performed by us, our fees, and other terms of the engagement) shall be submitted to mediation. A competent and impartial third party, acceptable to both parties, shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceeding shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses, and are payable on presentation. We will perform the audit services for an amount not to exceed \$3,500.00, which includes travel and out-of-pocket costs. The City may be subject to a Single Audit in 2013 if Federal expenditures exceed \$500,000. If so, additional audit procedures will be required by the Single Audit Act. Our estimated fee for these additional services will be \$1,700.00, and a new engagement letter must be obtained.

These fees are based upon anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the audit. The following are examples of circumstances which could result in an increase in fees:

- a significant change in the amount or type of accounting records maintained,
- change in personnel with a corresponding change in level and quality of work performed,
- additional significant state and/or federal grants not identified previously,
- issuance of long-term debt not identified previously for the purposes of new financing or refunding of previously issued long-term debt, or
- new GASB pronouncements that require additional compliance work.
- a greater than expected risk of material misstatement due to fraud.

We would like to point out that we expect the proposal fee to be a maximum charge. As can be seen above, the additional charges would only be necessary due to unusual circumstances not foreseen when the audit proposal was prepared. If significant additional time is necessary, we would discuss it with you and arrive at a new fee estimate.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.



We appreciate the opportunity to be of service to the City of St.Paul, Kansas, and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the **City of St.Paul, Kansas**.

Signature 

Title 

# City of St. Paul, Kansas



Annual Financial Report  
2012  
City of St. Paul, Kansas



City of St. Paul, Kansas  
Annual Financial Report  
For the Year Ended December 31, 2012

**Mayor:**

Robert Kroenke

**City Council:**

Jeff Gard  
Keith Smith - Council President  
Linda Green  
Eric Shoemaker  
Mike Grosdidier

**City Officers:**

City Clerk - Jeri Heitman  
City Treasurer - Alice Coomes  
City Attorney - Richard Tucker  
Municipal Judge - Thomas Milkulka

The Annual Financial Report was prepared by Jeri Heitman, **City Clerk**.

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**City of St. Paul, Kansas  
Annual Financial Report  
For the Year Ended December 31, 2012**

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**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of St. Paul, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of St. Paul, Kansas, a municipality, as of and for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of St. Paul, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of St. Paul, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of St. Paul, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Regulatory Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

*Jarred, Gilmore & Phillips, PA*

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

April 23, 2013  
Chanute, Kansas



City of St Paul  
Statement 1 - Summary Statement of Receipts, Expenditures and Unencumbered Cash  
(Regulatory Basis)  
For the Year Ended 12/31/2012

|                          | Beginning<br>Unencumbered<br>Cash | Prior Year<br>Cancelled<br>Encumbrances | Receipts             | Actual<br>Expenditures | Ending<br>Unencumbered<br>Cash | Outstanding<br>Encumbrances | Ending<br>Cash      |
|--------------------------|-----------------------------------|---|----------------------|------------------------|--------------------------------|-----------------------------|---------------------|
| General Fund             | \$ 105,054.87                     | \$ 0                                    | \$ 246,797.99        | \$ 298,843.68          | \$ 53,009.18                   | \$ 5,604.42                 | \$ 58,613.60        |
| Special Purpose Funds    |                                   |   |                      |                        |                                |                             |                     |
| Special Highway Fund     | 7,546.70                          | 0                                       | 16,269.09            | 16,222.50              | 7,593.29                       | 0                           | 7,593.29            |
| Park and Recreation Fund | 35,736.57                         | 0                                       | 1,949.04             | 0                      | 37,685.61                      | 0                           | 37,685.61           |
| Local Sales Tax Fund     | 45,861.54                         | 0                                       | 68,662.92            | 70,796.44              | 43,728.02                      | 1,854.72                    | 45,582.74           |
| Capital Improvement Fund | 45,987.76                         | 0                                       | 15,000.00            | 0                      | 60,987.76                      | 0                           | 60,987.76           |
| Sewer Reserve Fund       | 109,629.47                        | 0                                       | 10,000.00            | 0                      | 119,629.47                     | 0                           | 119,629.47          |
| Waterline Repair Fund    | 66,695.83                         | 0                                       | 17,550.00            | 0                      | 84,245.83                      | 0                           | 84,245.83           |
| Water Bond Reserve Fund  | 47,721.00                         | 0                                       | 6,800.00             | 0                      | 54,521.00                      | 0                           | 54,521.00           |
| Equipment Reserve Fund   | 25,000.00                         | 0                                       | 5,000.00             | 0                      | 30,000.00                      | 0                           | 30,000.00           |
| Business Funds           |                                   |   |                      |                        |                                |                             |                     |
| Water Operating Fund     | 71,244.74                         | 0                                       | 187,326.52           | 183,231.33             | 75,339.93                      | 1,851.84                    | 77,191.77           |
| Sanitation Fund          | 440.62                            | 0                                       | 39,094.48            | 39,021.30              | 513.80                         | 0                           | 513.80              |
| Sewer Operating Fund     | 72,602.53                         | 0                                       | 47,145.05            | 22,809.31              | 96,938.27                      | 0                           | 96,938.27           |
| Agency Funds             |                                   |   |                      |                        |                                |                             |                     |
| Payroll Clearing         | 13,774.05                         | 0                                       | 130,238.82           | 127,115.76             | 16,897.11                      | 3,221.10                    | 20,118.21           |
| Total Reporting Entity   | <u>\$ 647,295.68</u>              | <u>\$ 0</u>                             | <u>\$ 791,833.91</u> | <u>\$ 758,040.32</u>   | <u>\$ 681,089.27</u>           | <u>\$12,532.08</u>          | <u>\$693,621.35</u> |
| Composition of Cash:     |                                   |   |                      |                        | Investments                    | \$                          | 410,580.19          |
|                          |                                   |   |                      |                        | Checking Accounts              |                             | 282,947.16          |
|                          |                                   |   |                      |                        | Other Accounts                 |                             | 94.00               |
|                          |                                   |   |                      |                        | Total                          | \$                          | <u>693,621.35</u>   |

The Notes to the Financial Statement are an integral part of this statement.

**City of St. Paul  
St. Paul, Kansas  
Notes to the Financial Statement  
For the Year Ended December 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the City is presented to assist in understanding the City's financial statement. The financial statement and notes are representations of the City's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statement.

**Financial Statement Presentation**

**Regulatory Basis Fund Types**

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activated of the City of St. Paul, Kansas, for the year of 2012:

**General Fund** - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

**Special Purpose Funds** - used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

**Bond and Interest Funds** - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Business Funds** - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

**Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.**

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.



The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted principles and allowing the municipality to use the regulatory basis of accounting.

#### **Reimbursements**

The City records reimbursable expenditures as a cash receipt in the fund that was charged for the original expenditure. For purposes of budgetary comparison, the amount of the reimbursement is considered to be a budget credit.

#### **Capital Leases**

Leases that, from the point of view of the City (the lessee), transfer substantially all the benefits and risks incident to ownership of property to the City, is to be considered capital leases. These are treated as an asset of the City and any related obligations are accounted for as a form of debt.

### **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Management is aware of no statutory violations for the year ended December 31, 2012.

#### **Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
- Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of the notice of hearing.
- Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal annual budget is not required by State law for the following funds:

Capital Improvement Fund (Capital Projects Fund)  
Sewer Reserve Fund (Special Purpose Fund)  
Water Line Repair Fund (Special Purpose Fund)  
Water Bond Reserve Fund (Special Purpose Fund)  
Equipment Reserve Fund (Special Purpose Fund)  
Payroll Clearing Fund (Agency Fund)

The City, at its option for management purposes, can prepare a budget for a fund, even though a legal annual budget is not required by State law for that fund. Such "management" budgets are not subject to the statutory budget limits that a legal annual budget is subject to. Thus, the City would not be in violation of the budget law if expenditures in a fund not required to have a legal annual budget exceeded its "management" budget limit. A "management" budget is shown in the financial statements for the following funds that are not required to have a legal annual budget:

### **3. DEPOSITS AND INVESTMENTS**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the city's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions, U.S. government securities, temporary notes, no-fund warrants, repurchase agreements, and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk.** State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$693,527 and the bank balance was \$702,529. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank

balance, \$456,682 was covered by the federal depository insurance; \$245,847 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

**Custodial Credit Risk - Investments.** For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

#### 4. CAPITAL LEASES

The City made payments on two active capital leases during the year ended December 31, 2012 - Chevy Pickup and Vertical Turbine pump.

**Chevy Pickup.** The City entered into a capital lease agreement dated December 1, 2008 with Farmers National Bank, to purchase a Chevy Pickup. The City agreed to make 60 monthly payments of \$253 each for a total of \$15,170. The imputed interest rate is 5.5%. The first semi-annual payment was made on January 15, 2009 and the last payment will be made on December 15, 2013. The lease payment for this capital lease will be made entirely from the General Fund. The Chevy Pickup is used for Water Plant purposes.

**Vertical Turbine Pump.** The City entered into a capital lease agreement dated December 8, 2011 with Exchange State Bank, to purchase a Vertical Turbine Pump. The City agreed to make 60 monthly installments of \$1,173 each for a total of \$65,371. The imputed interest rate is 2.95%. The first monthly payment was made on January 8<sup>th</sup>, 2012 and the last payment will be made on December 8<sup>th</sup>, 2016. The lease payment for this capital lease will be made entirely from the General Fund. The Vertical Turbine Pump is used at the River Intake for water purposes.

#### Future Minimum Lease Payments

|                               | 2013          | 2014          | 2015          | 2016          | Total         | Interest     | Present Value |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|
| 2008 Chevy Pickup             | 3,034         | 0             | 0             | 0             | 3,034         | 91           | 2,943         |
| Vertical Turbine Pump         | 14,079        | 14,079        | 14,079        | 14,079        | 56,316        | 3,278        | 53,038        |
| <b>Minimum Lease Payments</b> | <b>17,113</b> | <b>17,113</b> | <b>14,079</b> | <b>14,079</b> | <b>59,350</b> | <b>3,369</b> | <b>55,981</b> |

#### TOWER MAINTENANCE-CONTRACT

As of December 31, 2009, the City has entered into a maintenance contract for water tower maintenance. Scheduled maintenance payments for the year ended December 31, 2012, was \$46,174. Under the current agreements, the future minimum maintenance payments are as follows:

|          | Year   |       |       |        |
|----------|--------|-------|-------|--------|
|          | 2013   | 2014  | 2015  | Total  |
| #1 Tower | 21,407 | 8,656 | 8,656 | 38,719 |
| #2 Tower | 17,745 | 9,435 | 9,435 | 36,615 |

#### 5. LONG TERM DEBT COMMITMENTS

The City has the following long-term debt commitments:

- GO Bond Series 2003. These General Obligation bonds were issued in The original amount of the issue was \$645,000. The interest rate is 5.00 percent. The final payment on the bonds will be in 2024. The purpose of these bonds was for water plant and street project.



- GO Bond Series 2008-A. These General Obligations bonds were issued in 2008. The original amount of the issue was \$285,500. The interest rate is 4.375 percent. The final payment on the bonds will be made in 2048. The purpose of these bonds was for the River Intake Project.
- GO Bond Series 2008-B. These General Obligation bonds were issued in 2008. The original amount of the issue was \$264,500. The interest rate is 3.625 percent. The final payment on the bonds will be made in 2048. The purpose of these bonds was for the River Intake Project.

#### Changes in Long-Term Debt for the year ended December 31, 2012

| Issue                       | Beginning Unpaid Principal | Additions to Principal | Reductions to Principal | Ending Unpaid Principal | Interest Paid |
|-----------------------------|----------------------------|------------------------|-------------------------|-------------------------|---------------|
| GO Bond Series 2008-A       | 276,888                    | 0                      | 3,092                   | 273,796                 | 12,113        |
| GO Bond Series 2008-B       | 255,049                    | 0                      | 3,356                   | 251,693                 | 9,245         |
| GO Bond Series 2003         | 395,000                    | 0                      | 35,000                  | 360,000                 | 18,838        |
| <b>Total Long-Term Debt</b> | <b>926,937</b>             | <b>0</b>               | <b>41,448</b>           | <b>885,489</b>          | <b>40,196</b> |

|                        | Year          |               |               |               |               |                | Total          |
|------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
|                        | 2013          | 2014          | 2015          | 2016          | 2017          | 2018 And After |                |
| <b>Principal:</b>      |               |               |               |               |               |                |                |
| GO Bond Series 2008-A  | 3,261         | 3,403         | 3,552         | 3,676         | 3,868         | 256,036        | 273,796        |
| GO Bond Series 2008-B  | 3,503         | 3,630         | 3,762         | 3,874         | 4,039         | 232,885        | 251,693        |
| GO Bond Series 2003    | 35,000        | 35,000        | 35,000        | 30,000        | 25,000        | 200,000        | 360,000        |
| <b>Total Principal</b> | <b>41,764</b> | <b>42,033</b> | <b>42,314</b> | <b>37,550</b> | <b>32,907</b> | <b>688,921</b> | <b>885,489</b> |
| <b>Interest:</b>       |               |               |               |               |               |                |                |
| GO Bond Series 2008-A  | 11,978        | 11,835        | 11,687        | 11,531        | 11,370        | 216,848        | 275,249        |
| GO Bond Series 2008-B  | 9,123         | 8,996         | 8,865         | 8,728         | 8,588         | 158,825        | 203,125        |
| GO Bond Series 2003    | 17,438        | 15,986        | 14,500        | 12,750        | 11,250        | 42,250         | 114,174        |
| <b>Total Interest</b>  | <b>38,539</b> | <b>36,817</b> | <b>35,052</b> | <b>33,009</b> | <b>31,208</b> | <b>417,923</b> | <b>592,548</b> |

## 6. DEFINED BENEFIT PENSION PLAN

**Plan Description.** The City participates in the Kansas Public Employees Retirement System (KPERS). A cost sharing multiple-employer defined benefit pension plan as provided by Kansas Law. KPERS provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law established and amends benefit provisions. KPERS issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kanas, Suite 100, Topeka, KS. 66603) or by calling 1-888-275-5737.

**Funding Policy.** K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP & F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee

contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

## **7. COMPENSATED ABSENCES**

**Annual Leave.** All full-time officers and employees of the City shall be entitled to vacation leave as follows:

- From date of employment to December 31 of that year, considered first calendar year, one week (5 working days) will be earned for vacation.
- After second calendar year of employment, January to December, but less than ten calendar years of employment, two weeks (10 working days) will be earned for vacation.
- After ten calendar years of employment, three weeks (15 working days) will be earned for vacation.

Annual leave shall be paid at the employee's regular salary rate during each annual leave period. All requests for annual leave shall be submitted to the Supervisor.

The estimated liability at December 31, 2012, if all employees with an annual leave carryover balance were to terminate employment, would be \$7,012.

**Sick Leave.** All employees of the City that are scheduled to work 20 hours or more per pay period shall be entitled to sick leave for each quarter of service and shall be paid at the employee's regular rate during any such leave period, except that the term "sick leave" as herein used may include necessary absence from duty caused by injury sustained on the job, but does not include absence from work after the employee becomes eligible for worker's compensation disability benefits. Employees scheduled to work 25 hours per pay period shall earn one (1) day (8) hours of sick leave for each quarter of service worked. Employees scheduled to work 20 hours or more per pay period shall earn  $\frac{1}{2}$  day (4) hours of sick leave for each quarter of service worked. The sick leave provisions herein granted shall be accumulated from year to year, but no officer or employee shall be credited with more than two hundred hours (200) hours of accumulated sick leave. The Council may require satisfactory evidence of any illness or absence from duty at the time any payroll is approved.

The estimated liability at December 31, 2012, if all employees with accumulated sick leave were to terminate employment, would be \$3,022.

## **8. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

## **9. LITIGATION**

The City is currently in legal proceedings at this time involving pumps for the River Intake.

## **10. INTERFUND TRANSFERS**

The City made the following operating transfers during the year ended December 31, 2012:

- \$5,000 transferred **from** General Fund **to** Equipment Reserve Fund as authorized by K.S.A. 12-1,117
- \$15,000 transferred **from** General Fund **to** Capital Improvement Fund as authorized by K.S.A. 12-1, 118
- \$6,800 transferred **from** Water Operating Fund **to** Water Bond Reserve Fund as authorized by K.S.A. 12-825d
- \$10,000 transferred **from** Sewer Operating Fund **to** Sewer Reserve Fund as authorized by K.S.A. 12-825d

## **11. RELATED PARTY TRANSACTIONS**

- The City paid \$1,457 during the year ended December 31, 2012 to a local auto repair shop owned by the mayor.
- Management is not aware of any other related party transactions during the year ended December 31, 2012.

## **12. BUSINESS CONCENTRATIONS**

- The City sold 27.738% of its water to Rural Water District #8 during the year ended December 31, 2012.

## **13. SUBSEQUENT EVENTS**

- Management is not aware of any subsequent events that might have an impact on the City.



City of St Paul  
Schedule 1 - Summary of Expenditures - Actual and Budget  
(Regulatory Basis)  
For the Year Ended 12/31/2012

|                          | Certified<br>Budget | Actual<br>Expenditures | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------|---------------------|------------------------|--|
| General Fund             | \$ 348,832.00       | \$ 298,843.68          | \$ 49,988.32                           |
| Special Purpose Funds    |                     |                        |  |
| Special Highway Fund     | 22,948.00           | 16,222.50              | 6,725.50                               |
| Park and Recreation Fund | 26,152.00           | 0                      | 26,152.00                              |
| Local Sales Tax Fund     | 78,987.00           | 70,796.44              | 8,190.56                               |
| Business Funds           |                     |                        |  |
| Water Operating Fund     | 190,547.00          | 183,231.33             | 7,315.67                               |
| Sanitation Fund          | 48,269.00           | 39,021.30              | 9,247.70                               |
| Sewer Operating Fund     | 105,580.00          | 22,809.31              | 82,770.69                              |

City of St Paul  
General Fund  
Schedule 2 - Schedule of Receipts and Expenditures - Actual and Budget  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                             | Certified<br>Budget | Actual        | Variance -<br>Favorable<br>(Unfavorable) |
|-----------------------------|---------------------|---------------|--|
| <b>Receipts</b>             |                     |               |  |
| Ad Valorem Tax              | \$ 125,401.00       | \$ 114,830.30 | \$ (10,570.70)                           |
| Motor Vehicle Tax           | 27,517.00           | 23,542.15     | (3,974.85)                               |
| Rec Vehicle Tax             | 255.00              | 152.65        | (102.35)                                 |
| 16/20M Vehicle Tax          | 788.00              | 1,132.45      | 344.45                                   |
| Delinquent Tax              | 0                   | 6,297.40      | 6,297.40                                 |
| Utility Sales Tax           | 35,360.00           | 29,422.60     | (5,937.40)                               |
| Local Alcoholic Tax         | 2,460.00            | 1,619.05      | (840.95)                                 |
| Franchise Tax               | 30,000.00           | 27,974.97     | (2,025.03)                               |
| Fee Licenses and Permits    | 3,000.00            | 1,692.00      | (1,308.00)                               |
| Township Fire Payment       | 3,500.00            | 0             | (3,500.00)                               |
| Charges for Services        | 1,000.00            | 122.32        | (877.68)                                 |
| Rents                       | 3,000.00            | 3,600.00      | 600.00                                   |
| Re-Instate                  | 0                   | 708.00        | 708.00                                   |
| Fines and Penalties         | 20,000.00           | 23,387.35     | 3,387.35                                 |
| Diversions                  | 2,400.00            | 3,000.00      | 600.00                                   |
| Interest Income             | 10,000.00           | 4,322.83      | (5,677.17)                               |
| Gifts and Donations         | 0                   | 2,693.45      | 2,693.45                                 |
| Reimbursed Expenses         | 0                   | 1,112.84      | 1,112.84                                 |
| Dividend                    | 0                   | 1,187.63      | 1,187.63                                 |
| Miscellaneous               | 2,000.00            | 0             | (2,000.00)                               |
| Total Receipts              | 266,681.00          | 246,797.99    | (19,883.01)                              |
| <b>Expenditures</b>         |                     |               |  |
| <b>General Government</b>   |                     |               |  |
| Personal Services           | 57,330.00           | 46,117.37     | 11,212.63                                |
| Contractual Services        | 80,000.00           | 107,502.06    | (27,502.06)                              |
| Materials and Supplies      | 26,000.00           | 19,902.15     | 6,097.85                                 |
| Capital Outlay              | 63,877.00           | 0             | 63,877.00                                |
| GO Bond Principal           | 0                   | 5,000.00      | (5,000.00)                               |
| Lease-Purchase Payments     | 0                   | 14,078.16     | (14,078.16)                              |
|                             | 227,207.00          | 192,599.74    | 34,607.26                                |
| <b>Municipal Court</b>      |                     |               |  |
| Personal Services           | 0                   | 706.05        | (706.05)                                 |
| Contractual Services        | 9,000.00            | 10,670.50     | (1,670.50)                               |
|                             | 9,000.00            | 11,376.55     | (2,376.55)                               |
| <b>Fire</b>                 |                     |               |  |
| Personal Services           | 8,391.00            | 4,277.40      | 4,113.60                                 |
| Contractual Services        | 7,500.00            | 7,625.55      | (125.55)                                 |
| Materials and Supplies      | 3,000.00            | 3,159.47      | (159.47)                                 |
| Capital Outlay              | 1,500.00            | 0             | 1,500.00                                 |
|                             | 20,391.00           | 15,062.42     | 5,328.58                                 |
| <b>Streets</b>              |                     |               |  |
| Personal Services           | 34,845.00           | 38,688.04     | (3,843.04)                               |
| Contractual Services        | 300.00              | 0             | 300.00                                   |
| Materials and Supplies      | 1,000.00            | 487.32        | 512.68                                   |
| Capital Outlay              | 28,564.00           | 14,385.88     | 14,178.12                                |
|                             | 64,709.00           | 53,561.24     | 11,147.76                                |
| <b>Parks and Recreation</b> |                     |               |  |
| Personal Services           | 525.00              | 699.73        | (174.73)                                 |
| Contractual Services        | 3,000.00            | 4,775.14      | (1,775.14)                               |

City of St Paul  
General Fund  
Schedule 2 - Schedule of Receipts and Expenditures - Actual and Budget  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Certified<br>Budget | Actual                       | Variance -<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|------------------------------|--|
| Materials and Supplies             | 1,000.00            | 768.86                       | 231.14                                   |
| Capital Outlay                     | 3,000.00            | 0                            | 3,000.00                                 |
|                                    | <u>7,525.00</u>     | <u>6,243.73</u>              | <u>1,281.27</u>                          |
| Transfers                          |                     |                              |  |
| Transfer to Cap Imp Res            | 15,000.00           | 15,000.00                    | 0  |
| Transfer to Cap Eq Res             | 5,000.00            | 5,000.00                     | 0  |
|                                    | <u>20,000.00</u>    | <u>20,000.00</u>             | <u>0</u>                                 |
| Total Expenditures                 | <u>348,832.00</u>   | <u>298,843.68</u>            | <u>49,988.32</u>                         |
| Receipts Over (Under) Expenditures |                     | (52,045.69)                  |  |
| Beginning Unencumbered Cash        |                     | 105,054.87                   |  |
| Prior Year Cancelled Encumbrances  |                     | 0                            |  |
| Ending Unencumbered Cash           |                     | -----<br><u>\$ 53,009.18</u> |  |



City of St Paul  
Special Highway Fund  
Schedule 2 - Schedule of Receipts and Expenditures - Actual and Budget  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Certified<br>Budget | Actual             | Variance -<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|--------------------|--|
| <u>Receipts</u>                    |                     |                    |  |
| State Motor Fuels Tax              | \$ 17,720.00        | \$ 16,269.09       | \$ (1,450.91)                            |
| Total Receipts                     | <u>17,720.00</u>    | <u>16,269.09</u>   | <u>(1,450.91)</u>                        |
| <u>Expenditures</u>                |                     |                    |  |
| <u>Streets</u>                     |                     |                    |  |
| Materials and Supplies             | 6,163.00            | 0                  | 6,163.00                                 |
| GO Bond Principal                  | 15,000.00           | 15,000.00          | 0  |
| GO Bond Interest                   | 1,785.00            | 1,222.50           | 562.50                                   |
|                                    | <u>22,948.00</u>    | <u>16,222.50</u>   | <u>6,725.50</u>                          |
| Total Expenditures                 | <u>22,948.00</u>    | <u>16,222.50</u>   | <u>6,725.50</u>                          |
| Receipts Over (Under) Expenditures |                     | 46.59              |  |
| Beginning Unencumbered Cash        |                     | 7,546.70           |  |
| Prior Year Cancelled Encumbrances  |                     | 0                  |  |
| Ending Unencumbered Cash           |                     | <u>\$ 7,593.29</u> |  |

City of St Paul  
Park and Recreation Fund  
Schedule 2 - Schedule of Receipts and Expenditures - Actual and Budget  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Certified<br>Budget | Actual              | Variance -<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|---------------------|--|
| <u>Receipts</u>                    |                     |                     |  |
| Local Alcoholic Tax                | \$ 2,460.00         | \$ 1,619.04         | \$ (840.96)                              |
| Fee Licenses and Permits           | 0                   | 330.00              | 330.00                                   |
| Rents                              | 1,000.00            | 0                   | (1,000.00)                               |
| Gifts and Donations                | 100.00              | 0                   | (100.00)                                 |
| Total Receipts                     | <u>3,560.00</u>     | <u>1,949.04</u>     | <u>(1,610.96)</u>                        |
| <u>Expenditures</u>                |                     |                     |  |
| Parks and Recreation               |                     |                     |  |
| Contractual Services               | 1,000.00            | 0                   | 1,000.00                                 |
| Materials and Supplies             | 3,000.00            | 0                   | 3,000.00                                 |
| Capital Outlay                     | 22,152.00           | 0                   | 22,152.00                                |
|                                    | <u>26,152.00</u>    | <u>0</u>            | <u>26,152.00</u>                         |
| Total Expenditures                 | <u>26,152.00</u>    | <u>0</u>            | <u>26,152.00</u>                         |
| Receipts Over (Under) Expenditures |                     | 1,949.04            |  |
| Beginning Unencumbered Cash        |                     | 35,736.57           |  |
| Prior Year Cancelled Encumbrances  |                     | 0                   |  |
| Ending Unencumbered Cash           |                     | <u>\$ 37,685.61</u> |  |

City of St Paul  
Local Sales Tax Fund  
Schedule 2 - Schedule of Receipts and Expenditures - Actual and Budget  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Certified<br>Budget | Actual              | Variance -<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|---------------------|--|
| Receipts                           |                     |                     |  |
| Utility Sales Tax                  | \$ 65,000.00        | \$ 68,662.92        | \$ 3,662.92                              |
| Total Receipts                     | 65,000.00           | 68,662.92           | 3,662.92                                 |
| Expenditures                       |                     |                     |  |
| General Government                 |                     |                     |  |
| Contractual Services               | 0                   | 7,333.73            | (7,333.73)                               |
| Capital Outlay                     | 5,127.00            | 0                   | 5,127.00                                 |
|                                    | 5,127.00            | 7,333.73            | (2,206.73)                               |
| Water Utility                      |                     |                     |  |
| Capital Outlay                     | 7,366.00            | 0                   | 7,366.00                                 |
| GO Bond Principal                  | 21,448.00           | 21,448.00           | 0  |
| GO Bond Interest                   | 38,978.00           | 38,980.63           | (2.63)                                   |
| Lease-Purchase Payments            | 6,068.00            | 3,034.08            | 3,033.92                                 |
|                                    | 73,860.00           | 63,462.71           | 10,397.29                                |
| Total Expenditures                 | 78,987.00           | 70,796.44           | 8,190.56                                 |
| Receipts Over (Under) Expenditures |                     | (2,133.52)          |  |
| Beginning Unencumbered Cash        |                     | 45,861.54           |  |
| Prior Year Cancelled Encumbrances  |                     | 0                   |  |
| Ending Unencumbered Cash           |                     | <u>\$ 43,728.02</u> |  |



City of St Paul  
Capital Improvement Fund  
Schedule 2 - Schedule of Receipts and Expenditures  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Actual       |
|------------------------------------|--------------|
| Receipts                           |              |
| Transfer From Gen Fund             | \$ 15,000.00 |
| Total Receipts                     | 15,000.00    |
| Expenditures                       |              |
| Department Code - None             |              |
| Expenditure Code - None            | 0            |
|                                    | 0            |
| Total Expenditures                 | 0            |
| Receipts Over (Under) Expenditures | 15,000.00    |
| Beginning Unencumbered Cash        | 45,987.76    |
| Prior Year Cancelled Encumbrances  | 0            |
| Ending Unencumbered Cash           | \$ 60,987.76 |

City of St Paul  
Sewer Reserve Fund  
Schedule 2 - Schedule of Receipts and Expenditures  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Actual               |
|------------------------------------|----------------------|
| Receipts                           |                      |
| <u>Transfer From Sewer</u>         | <u>\$ 10,000.00</u>  |
| Total Receipts                     | <u>10,000.00</u>     |
| Expenditures                       |                      |
| <u>Department Code - None</u>      |                      |
| Expenditure Code - None            | <u>0</u>             |
|                                    | <u>0</u>             |
| Total Expenditures                 | <u>0</u>             |
| Receipts Over (Under) Expenditures | 10,000.00            |
| Beginning Unencumbered Cash        | 109,629.47           |
| Prior Year Cancelled Encumbrances  | 0                    |
| Ending Unencumbered Cash           | <u>\$ 119,629.47</u> |

City of St Paul  
Waterline Repair Fund  
Schedule 2 - Schedule of Receipts and Expenditures  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | <u>Actual</u>                       |
|------------------------------------|-------------------------------------|
| <u>Receipts</u>                    |                                     |
| Charges for Services               | \$ 17,550.00                        |
| Total Receipts                     | <u>17,550.00</u>                    |
| <u>Expenditures</u>                |                                     |
| Department Code - None             |                                     |
| Expenditure Code - None            | <u>0</u>                            |
|                                    | <u>0</u>                            |
| Total Expenditures                 | <u>0</u>                            |
| Receipts Over (Under) Expenditures | 17,550.00                           |
| Beginning Unencumbered Cash        | 66,695.83                           |
| Prior Year Cancelled Encumbrances  | 0                                   |
| Ending Unencumbered Cash           | <u>-----</u><br><u>\$ 84,245.83</u> |



City of St Paul  
Water Bond Reserve Fund  
Schedule 2 - Schedule of Receipts and Expenditures  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Actual       |
|------------------------------------|--------------|
| Receipts                           |              |
| Transfer From Water                | \$ 6,800.00  |
| Total Receipts                     | 6,800.00     |
| Expenditures                       |              |
| Department Code - None             |              |
| Expenditure Code - None            | 0            |
|                                    | 0            |
| Total Expenditures                 | 0            |
| Receipts Over (Under) Expenditures | 6,800.00     |
| Beginning Unencumbered Cash        | 47,721.00    |
| Prior Year Cancelled Encumbrances  | 0            |
| Ending Unencumbered Cash           | \$ 54,521.00 |

City of St Paul  
Equipment Reserve Fund  
Schedule 2 - Schedule of Receipts and Expenditures  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Actual       |
|------------------------------------|--------------|
| Receipts                           |              |
| Transfer From Gen Fund             | \$ 5,000.00  |
| Total Receipts                     | 5,000.00     |
| Expenditures                       |              |
| Department Code - None             |              |
| Expenditure Code - None            | 0            |
|                                    | 0            |
| Total Expenditures                 | 0            |
| Receipts Over (Under) Expenditures | 5,000.00     |
| Beginning Unencumbered Cash        | 25,000.00    |
| Prior Year Cancelled Encumbrances  | 0            |
| Ending Unencumbered Cash           | \$ 30,000.00 |

City of St Paul  
Water Operating Fund  
Schedule 2 - Schedule of Receipts and Expenditures - Actual and Budget  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Certified<br>Budget | Actual              | Variance -<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|---------------------|--|
| <b>Receipts</b>                    |                     |                     |  |
| Utility Sales Tax                  | \$ 0                | \$ 1,243.63         | \$ 1,243.63                              |
| Fee Licenses and Permits           | 0                   | 1,610.00            | 1,610.00                                 |
| Charges for Services               | 160,000.00          | 178,869.34          | 18,869.34                                |
| Utility Fees                       | 25.00               | 60.00               | 35.00                                    |
| Late Charges                       | 4,000.00            | 5,224.71            | 1,224.71                                 |
| Reimbursed Expenses                | 0                   | 318.84              | 318.84                                   |
| Total Receipts                     | <u>164,025.00</u>   | <u>187,326.52</u>   | <u>23,301.52</u>                         |
| <b>Expenditures</b>                |                     |                     |  |
| Water Utility                      |                     |                     |  |
| Personal Services                  | 66,150.00           | 63,836.78           | 2,313.22                                 |
| Contractual Services               | 80,000.00           | 81,132.05           | (1,132.05)                               |
| Materials and Supplies             | 35,000.00           | 31,462.50           | 3,537.50                                 |
| Capital Outlay                     | 2,097.00            | 0                   | 2,097.00                                 |
| Remittances                        | 500.00              | 0                   | 500.00                                   |
| Transfer to Water Res              | 6,800.00            | 6,800.00            | 0  |
|                                    | <u>190,547.00</u>   | <u>183,231.33</u>   | <u>7,315.67</u>                          |
| Total Expenditures                 | <u>190,547.00</u>   | <u>183,231.33</u>   | <u>7,315.67</u>                          |
| Receipts Over (Under) Expenditures |                     | 4,095.19            |  |
| Beginning Unencumbered Cash        |                     | 71,244.74           |  |
| Prior Year Cancelled Encumbrances  |                     | 0                   |  |
| Ending Unencumbered Cash           |                     | <u>\$ 75,339.93</u> |  |



City of St Paul  
Sanitation Fund  
Schedule 2 - Schedule of Receipts and Expenditures - Actual and Budget  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Certified<br>Budget | Actual                           | Variance -<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|----------------------------------|--|
| <u>Receipts</u>                    |                     |                                  |  |
| Charges for Services               | \$ 44,000.00        | \$ 39,094.48                     | \$ (4,905.52)                            |
| Total Receipts                     | <u>44,000.00</u>    | <u>39,094.48</u>                 | <u>(4,905.52)</u>                        |
| <u>Expenditures</u>                |                     |                                  |  |
| Trash Utility                      |                     |                                  |  |
| Contractual Services               | 48,269.00           | 39,021.30                        | 9,247.70                                 |
|                                    | <u>48,269.00</u>    | <u>39,021.30</u>                 | <u>9,247.70</u>                          |
| Total Expenditures                 | <u>48,269.00</u>    | <u>39,021.30</u>                 | <u>9,247.70</u>                          |
| Receipts Over (Under) Expenditures |                     | 73.18                            |  |
| Beginning Unencumbered Cash        |                     | 440.62                           |  |
| Prior Year Cancelled Encumbrances  |                     | 0                                |  |
| Ending Unencumbered Cash           |                     | <u>-----</u><br><u>\$ 513.80</u> |  |

City of St Paul  
Sewer Operating Fund  
Schedule 2 - Schedule of Receipts and Expenditures - Actual and Budget  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | Certified<br>Budget | Actual              | Variance -<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|---------------------|--|
| <u>Receipts</u>                    |                     |                     |  |
| Charges for Services               | \$ 40,000.00        | \$ 47,145.05        | \$ 7,145.05                              |
| Total Receipts                     | <u>40,000.00</u>    | <u>47,145.05</u>    | <u>7,145.05</u>                          |
| <u>Expenditures</u>                |                     |                     |  |
| Sewer Utility                      |                     |                     |  |
| Contractual Services               | 3,000.00            | 3,027.23            | (27.23)                                  |
| Materials and Supplies             | 500.00              | 0                   | 500.00                                   |
| Capital Outlay                     | 92,080.00           | 9,782.08            | 82,297.92                                |
| Transfer to Sewer Res              | 10,000.00           | 10,000.00           | 0  |
|                                    | <u>105,580.00</u>   | <u>22,809.31</u>    | <u>82,770.69</u>                         |
| Total Expenditures                 | <u>105,580.00</u>   | <u>22,809.31</u>    | <u>82,770.69</u>                         |
| Receipts Over (Under) Expenditures |                     | 24,335.74           |  |
| Beginning Unencumbered Cash        |                     | 72,602.53           |  |
| Prior Year Cancelled Encumbrances  |                     | 0                   |  |
| Ending Unencumbered Cash           |                     | <u>\$ 96,938.27</u> |  |

City of St Paul  
Payroll Clearing  
Schedule 2 - Schedule of Receipts and Expenditures  
(Regulatory Basis)  
for the Year-to-Date as of: 12/31/2012

|                                    | <u>Actual</u>              |
|------------------------------------|----------------------------|
| Receipts                           |                            |
| <u>Miscellaneous</u>               | \$ 130,238.82              |
| Total Receipts                     | <u>130,238.82</u>          |
| Expenditures                       |                            |
| <u>Payroll Costs</u>               |                            |
| Personal Services                  | 127,115.76                 |
|                                    | <u>127,115.76</u>          |
| Total Expenditures                 | <u>127,115.76</u>          |
| Receipts Over (Under) Expenditures | 3,123.06                   |
| Beginning Unencumbered Cash        | 13,774.05                  |
| Prior Year Cancelled Encumbrances  | 0                          |
| Ending Unencumbered Cash           | <u><u>\$ 16,897.11</u></u> |